

ARIZONA'S WORKFORCE

A press release from the Arizona Dept. Of Economic Security, Research Administration



Sept. 1, 2005

Forecast Update: Ariz. Economy Projected to Pick up Pace

202,200 Jobs Expected Over 2-Year Period as Growth Revised Upward in 2005

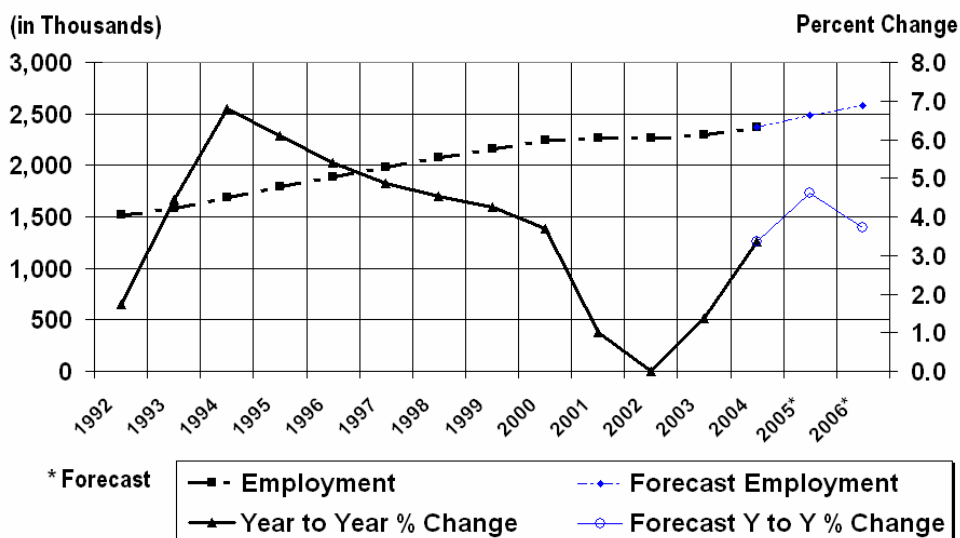
According to Arizona's DES, Research Administration's (RA) forecast update, Arizona's economy is forecast to grow at a faster rate over the forecast period from 2004 to 2006. For 2005, the forecast growth rate of nonfarm jobs has been increased to 4.6 percent and, for 2006, the pace of expansion remains at 3.7 percent. This translates into growth of 202,200 nonfarm jobs over the two-year (2005-06) period and an increase from the earlier forecast gain of 191,300 jobs. Not only is the overall economy anticipated to grow at a faster rate as demonstrated in the nonfarm jobs figures, but most industries are also projected to grow at a more rapid pace.

Construction is projected to have an increase of 39,800 jobs, over the forecast period. The revised projected growth rate for 2005 is 11 percent, which slows to 9 percent for 2006. Population growth and the corresponding need to expand infrastructure are expected to drive growth in construction.

Manufacturing is forecast to add 4,800 jobs for an expansion rate of 1.5 percent for 2005 and slows to 1.2 percent for 2006. The increasing pace of expansion is the result of an anticipated increase in defense contracts.

Natural resources and mining has a projected gain of 1,700 jobs, or a growth rate of 11 percent for 2005 and 8 percent for 2006. The current labor dispute has resulted in a temporary decrease in natural resources and

Arizona Nonfarm Employment Trends



mining employment, especially in the sector of metal ore mining. The unknown duration of the strike has increased the level of uncertainty for projecting employment levels in this industry.

Trade is forecast to have an increase of 37,000 jobs from 2004 to 2006 with a growth rate of 5.6 percent for 2005 and 3.8 percent for 2006. Retail is anticipated to add 33,700 jobs while wholesale employment is projected to gain 3,300 jobs.

Financial activities is forecast to add 11,700 jobs in 2005 and 2006, for an expansion rate of 4 percent in 2005 and 3 percent in 2006.

Transportation, warehousing and utilities is a part of the economy where rising energy costs have caused a downward revision to growth in comparison to RA's forecast. This forecast update has this sector adding 2,400 jobs, for a growth rate of 1.8 percent in 2005 and 1.2 percent in 2006. The primary reason for the reduced growth rate, especially in transportation, is

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higher than earlier anticipated fuel prices.

Information is following the trend of transportation, warehousing and utilities with downwardly revised forecast figures. The revised job losses have deepened to 4,300 jobs over the two-year period. The reason for the downward revision is a deeper-than-expected consolidation process in the telecommunications sector.

Professional and business services is expected to add 37,300 jobs, representing an expansion rate of 6 percent in 2005 and 4.9 percent in 2006. Growth was revised downward for this industry group, because of greater projected losses in the sector of business support services.

Leisure and hospitality is forecast to have an increase of 18,200 jobs, a growth rate of 4.3 percent for 2005 and 3.1 percent for 2006.

Government is projected to have a gain of 19,300 jobs, or a rate of growth of 2.6 percent in 2005 and 2.2 percent in 2006.

The projected rate of expansion in educational and health services has been revised downward. This industry is now projected to have an increase of 29,500 jobs, or a pace of expansion of 6.0 percent in 2005 and 5.1 percent in 2006. Growth projections for health care have been lowered, partly due to the dampening effects of rapidly rising health care costs and shortages of workers in skilled occupations. Meanwhile the slowing growth of the school age population, especially children in the primary and secondary school categories, has reduced the growth pace in educational and social services.

The forecast update for other services are unchanged from the earlier figures, calling for an addition of 4,800 jobs, representing a growth rate of 2.8 percent in 2005 and 2.5 percent in 2006.

In conclusion, Arizona's economy continues to grow at a pace that has consistently (for the first seven months of 2005) kept the state ranked as the second fastest in the nation in terms of nonfarm job growth. Overall employment expansion continues to look generally favorable in most industries in 2005 and 2006. Information services remains an industry of concern, with this forecast update calling for accelerated losses in 2005.

While Arizona's economy is forecast to show a subtle slowing in 2006, RA forecasts continues to call for almost all major industries to show job growth in 2006.

Total Nonfarm Employment

Annual Average Growth Rate*

	2004**	2005***	2006***
Arizona	3.4%	4.6%	3.7%
Phoenix-Mesa MA	3.4%	4.6%	3.8%
Tucson MA	3.2%	3.9%	3.3%
Balance of State	3.4%	5.4%	3.6%

* Based on Annual Averages

** Benchmarked

*** Forecast

MA = Metro Area

Arizona Industry Employment

Annual Average Growth Rate*

	2004**	2005***	2006***
Manufacturing	0.2%	1.5%	1.2%
Natural Resources/Mining	5.0%	11.0%	8.0%
Construction	7.9%	11.0%	9.0%
Trade, Trans, Warehouse & Utilities	3.5%	5.0%	3.4%
Information	-3.4%	-6.6%	-2.7%
Financial Activities	2.4%	4.0%	3.0%
Profess&Business Svcs	4.4%	6.0%	4.9%
Education & Health Svcs	5.3%	6.0%	5.1%
Leisure & Hospitality	3.5%	4.3%	3.1%
Other Services	2.5%	2.8%	2.5%
Government	1.9%	2.6%	2.2%

* Based on Annual Averages

** Benchmarked

*** Forecast

It is important, however, to point out that recent events associated with rising energy costs suggest caution and

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may likely result in a dampening effect to the nation's (and Arizona's) economy. While the full impact of hurricane Katrina is currently being revealed, the eco-

nomie consequences—especially related to fuel supplies--are likely to be better understood in the coming months.

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Contact: For clarification or additional information, call (602) 542-3871

Next Press Briefing: **August Employment Report** - Thursday, Sept. 15, 10:00 a.m.,
DES Administration Building, Room 110, 1717 W. Jefferson St., Phoenix

The Arizona Workforce (Press Release) is now on the Internet.
<http://www.workforce.az.gov>
Please contact our office, if you still want a faxed copy each month.

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Table 1

Arizona Employment Forecast (In Thousands)						
	2003	2004	2005	2006	Change in Employment	
					2005	2006
Total Nonfarm Employment	2296.4	2373.6	2483.4	2575.8	109.8	92.5
<i>Percent Change</i>		3.4	4.6	3.7		
Manufacturing	175.4	175.8	178.5	180.6	2.7	2.1
<i>Percent Change</i>		0.2	1.5	1.2		
Natural Resources & Mining	8.0	8.4	9.3	10.1	0.9	0.7
<i>Percent Change</i>		5.0	11.0	8.0		
Construction	176.2	190.1	211.0	229.9	20.9	18.9
<i>Percent Change</i>		7.9	11.0	9.0		
Trade, Transportation, & Utilities	446.1	461.8	484.7	501.1	22.9	16.4
<i>Percent Change</i>		3.5	5.0	3.4		
Information	49.6	47.9	44.8	43.6	-3.1	-1.2
<i>Percent Change</i>		-3.4	-6.6	-2.7		
Financial Activities	160.0	163.8	170.4	175.5	6.6	5.1
<i>Percent Change</i>		2.4	4.0	3.0		
Professional & Business Services	320.4	334.5	354.6	371.8	20.1	17.2
<i>Percent Change</i>		4.4	6.0	4.9		
Education & Health Services	246.8	259.8	275.3	289.3	15.5	14.0
<i>Percent Change</i>		5.3	6.0	5.1		
Leisure & Hospitality	233.2	241.4	251.9	259.6	10.5	7.8
<i>Percent Change</i>		3.5	4.3	3.1		
Other Services	87.2	89.4	91.9	94.2	2.5	2.3
<i>Percent Change</i>		2.5	2.8	2.5		
Government	393.5	400.8	411.1	420.1	10.3	9.0
<i>Percent Change</i>		1.9	2.6	2.2		

Note: 1) Totals may not add due to rounding

Table 2

Phoenix-Mesa Metropolitan Area Employment Forecast						
(In Thousands)						
	2003	2004	2005	2006	Change in Employment	
					2005	2006
Total Nonfarm Employment	1619.8	1674.9	1752.3	1819.5	77.4	67.3
<i>Percent Change</i>		<i>3.4</i>	<i>4.6</i>	<i>3.8</i>		
Manufacturing	130.9	130.6	133.2	134.8	2.6	1.6
<i>Percent Change</i>		<i>-0.2</i>	<i>2.0</i>	<i>1.2</i>		
Natural Resources & Mining	2.0	2.1	2.3	2.4	0.2	0.1
<i>Percent Change</i>		<i>5.0</i>	<i>10.0</i>	<i>5.0</i>		
Construction	129.3	140.1	156.1	171.2	16.0	15.1
<i>Percent Change</i>		<i>8.4</i>	<i>11.4</i>	<i>9.6</i>		
Trade, Transportation, & Utilities	328.9	339.7	356.7	368.9	17.0	12.2
<i>Percent Change</i>		<i>3.3</i>	<i>5.0</i>	<i>3.4</i>		
Information	37.4	35.8	33.3	32.1	-2.5	-1.2
<i>Percent Change</i>		<i>-4.3</i>	<i>-7.0</i>	<i>-3.7</i>		
Financial Activities	134.5	137.5	142.6	146.7	5.1	4.1
<i>Percent Change</i>		<i>2.2</i>	<i>3.7</i>	<i>2.9</i>		
Professional & Business Services	258.6	270.9	287.3	301.1	16.4	13.8
<i>Percent Change</i>		<i>4.8</i>	<i>6.1</i>	<i>4.8</i>		
Education & Health Services	163.3	172.6	183.1	193.6	10.5	10.5
<i>Percent Change</i>		<i>5.7</i>	<i>6.1</i>	<i>5.7</i>		
Leisure & Hospitality	156.0	160.6	165.8	171.0	5.2	5.2
<i>Percent Change</i>		<i>2.9</i>	<i>3.2</i>	<i>3.1</i>		
Other Services	62.5	64.2	64.8	65.5	0.6	0.6
<i>Percent Change</i>		<i>2.7</i>	<i>1.0</i>	<i>1.0</i>		
Government	216.5	220.9	227.0	232.3	6.1	5.2
<i>Percent Change</i>		<i>2.0</i>	<i>2.8</i>	<i>2.3</i>		

Note: 1) Totals may not add due to rounding

Table 3

Tucson Metropolitan Area Employment Forecast (In Thousands)						
	2003	2004	2005	2006	Change in Employment	
					2005	2006
Total Nonfarm Employment	348.2	359.2	373.2	385.5	14.0	12.3
<i>Percent Change</i>		<i>3.2</i>	<i>3.9</i>	<i>3.3</i>		
Manufacturing	28.7	28.4	28.4	28.6	0.0	0.3
<i>Percent Change</i>		<i>-1.0</i>	<i>0.0</i>	<i>0.9</i>		
Natural Resources & Mining	1.2	1.3	1.5	1.6	0.2	0.1
<i>Percent Change</i>		<i>8.3</i>	<i>15.0</i>	<i>10.0</i>		
Construction	22.9	24.0	26.4	28.4	2.4	2.1
<i>Percent Change</i>		<i>4.8</i>	<i>10.0</i>	<i>7.8</i>		
Trade, Transportation, & Utilities	55.1	58.1	60.4	62.4	2.3	2.0
<i>Percent Change</i>		<i>5.4</i>	<i>4.0</i>	<i>3.3</i>		
Information	7.6	7.5	7.1	6.9	-0.4	-0.2
<i>Percent Change</i>		<i>-1.3</i>	<i>-5.8</i>	<i>-2.4</i>		
Financial Activities	15.5	16.7	17.7	18.4	1.0	0.7
<i>Percent Change</i>		<i>7.7</i>	<i>5.8</i>	<i>4.2</i>		
Professional & Business Services	41.2	42.3	44.6	46.9	2.3	2.3
<i>Percent Change</i>		<i>2.7</i>	<i>5.4</i>	<i>5.1</i>		
Education & Health Services	45.7	47.8	50.3	52.3	2.5	2.0
<i>Percent Change</i>		<i>4.6</i>	<i>5.2</i>	<i>4.0</i>		
Leisure & Hospitality	37.2	38.8	40.7	42.1	1.9	1.4
<i>Percent Change</i>		<i>4.3</i>	<i>4.8</i>	<i>3.4</i>		
Other Services	14.6	14.8	15.1	15.4	0.3	0.3
<i>Percent Change</i>		<i>1.4</i>	<i>2.0</i>	<i>2.0</i>		
Government	78.7	79.6	81.2	82.5	1.6	1.3
<i>Percent Change</i>		<i>1.1</i>	<i>2.0</i>	<i>1.6</i>		

Note: 1) Totals may not add due to rounding

Table 4

Balance of State Employment Forecast						
(In Thousands)						
	2003	2004	2005	2006	Change in Employment	
					2005	2006
Total Nonfarm Employment	328.4	339.5	357.8	370.8	18.3	12.9
<i>Percent Change</i>		<i>3.4</i>	<i>5.4</i>	<i>3.6</i>		
Manufacturing	15.8	16.8	16.9	17.2	0.1	0.3
<i>Percent Change</i>		<i>6.3</i>	<i>0.6</i>	<i>1.7</i>		
Natural Resources & Mining	4.8	5.0	5.5	6.0	0.5	0.5
<i>Percent Change</i>		<i>4.2</i>	<i>10.4</i>	<i>8.7</i>		
Construction	24.0	26.0	28.5	30.3	2.5	1.8
<i>Percent Change</i>		<i>8.3</i>	<i>9.5</i>	<i>6.4</i>		
Trade, Transportation, Warehousing, & Utilities	62.1	64.0	67.6	69.8	3.6	2.2
<i>Percent Change</i>		<i>3.1</i>	<i>5.6</i>	<i>3.3</i>		
Information	4.6	4.6	4.4	4.6	-0.2	0.2
<i>Percent Change</i>		<i>0.0</i>	<i>-4.0</i>	<i>4.2</i>		
Financial Activities	10.0	9.6	10.1	10.3	0.5	0.2
<i>Percent Change</i>		<i>-4.0</i>	<i>5.2</i>	<i>2.3</i>		
Professional & Business Services	20.6	21.3	22.6	23.8	1.3	1.2
<i>Percent Change</i>		<i>3.4</i>	<i>6.2</i>	<i>5.1</i>		
Education & Health Services	37.8	39.4	41.9	43.4	2.5	1.5
<i>Percent Change</i>		<i>4.2</i>	<i>6.4</i>	<i>3.6</i>		
Leisure & Hospitality	40.0	42.0	45.4	46.6	3.4	1.2
<i>Percent Change</i>		<i>5.0</i>	<i>8.1</i>	<i>2.7</i>		
Other Services	10.1	10.4	12.0	13.3	1.6	1.3
<i>Percent Change</i>		<i>3.0</i>	<i>15.1</i>	<i>11.3</i>		
Government	98.3	100.3	102.9	105.4	2.6	2.4
<i>Percent Change</i>		<i>2.0</i>	<i>2.6</i>	<i>2.4</i>		

Note: Totals may not add due to rounding

Arizona Nonfarm Employment

Year to Year Percentage Change

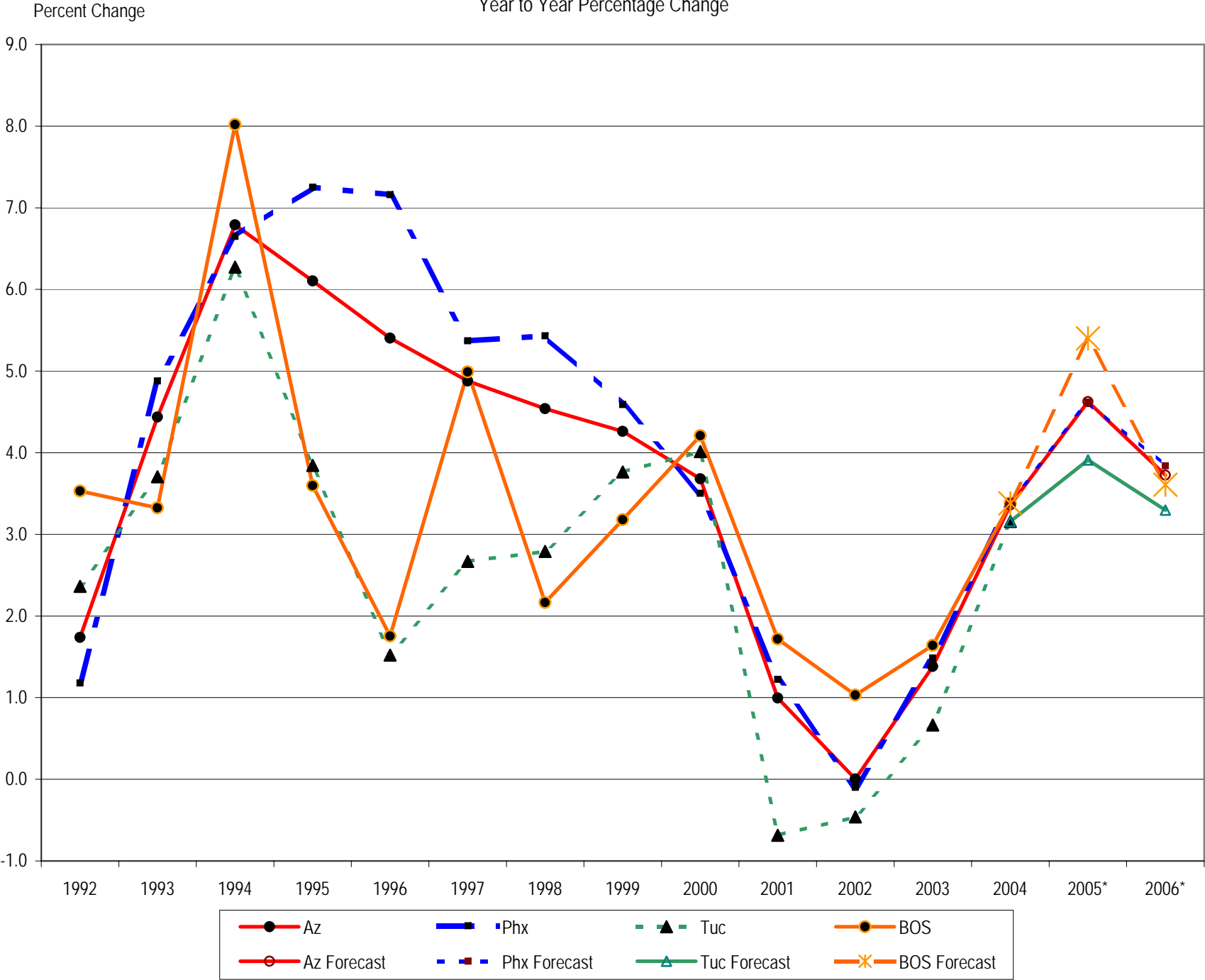


Chart 2

Arizona Nonfarm Employment

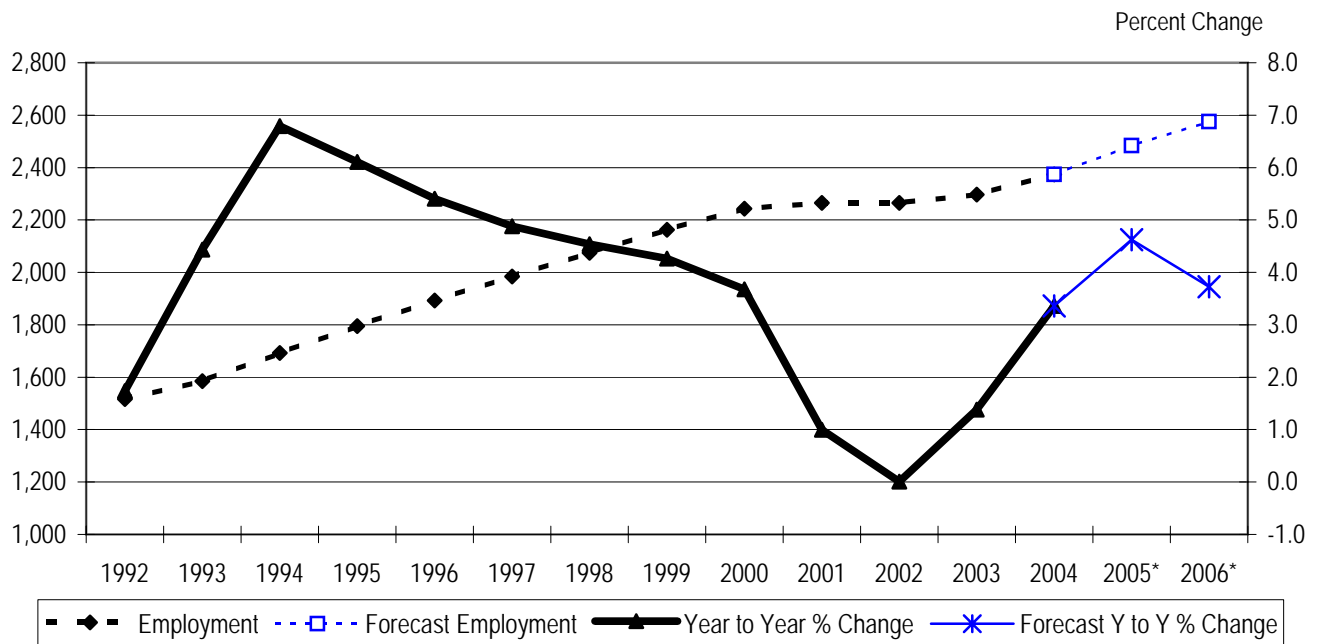


Chart 3

Phoenix-Mesa MA Nonfarm Employment

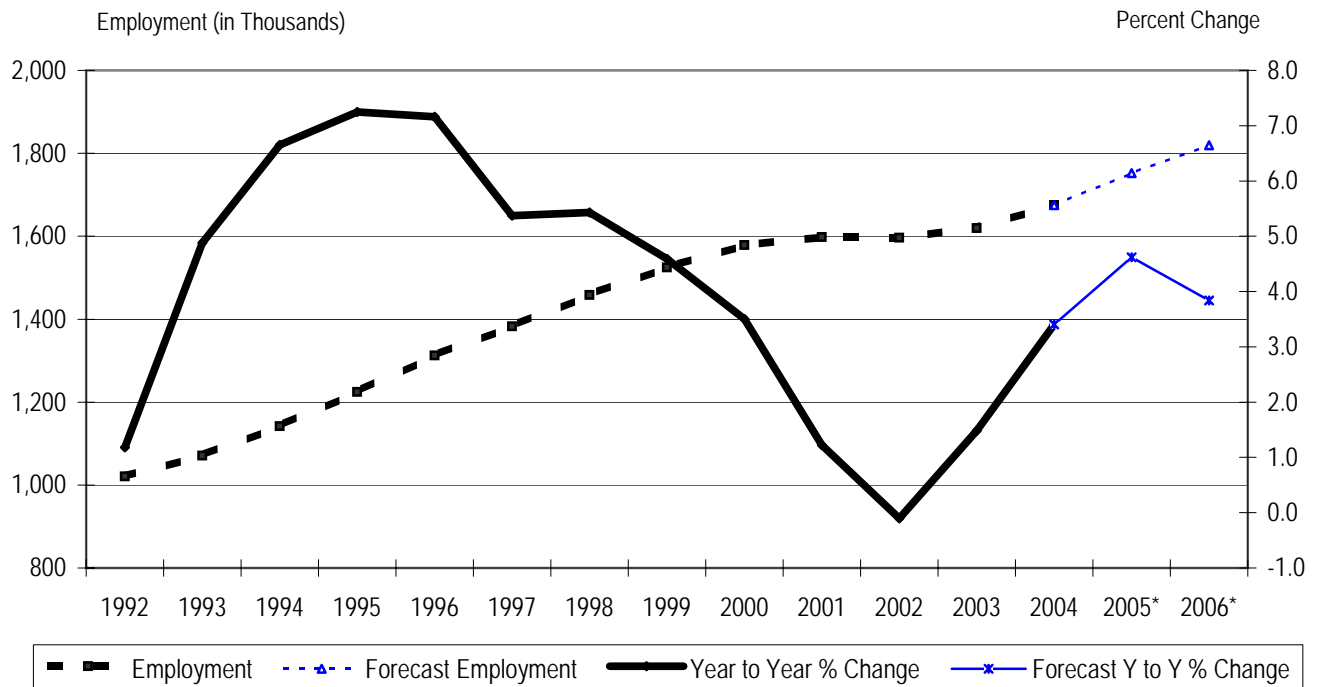


Chart 4

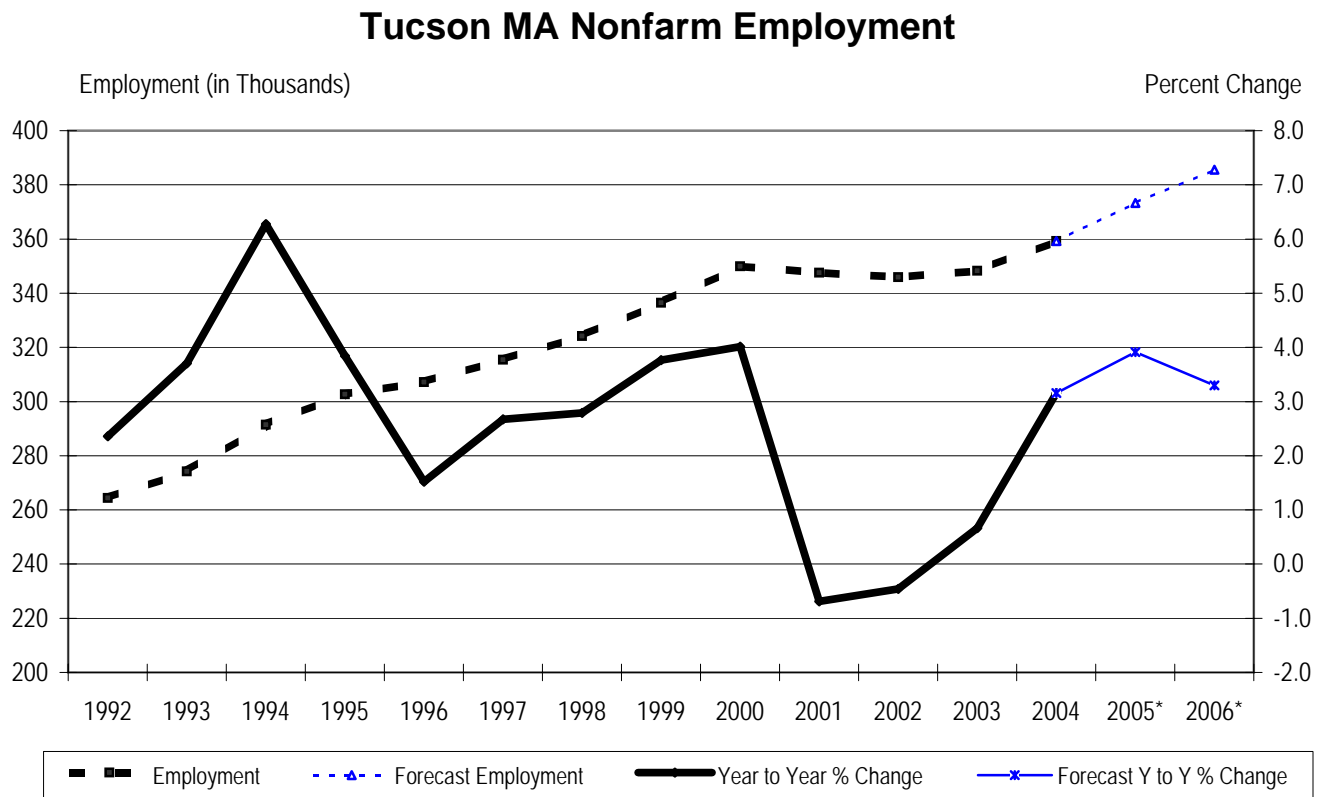


Chart 5

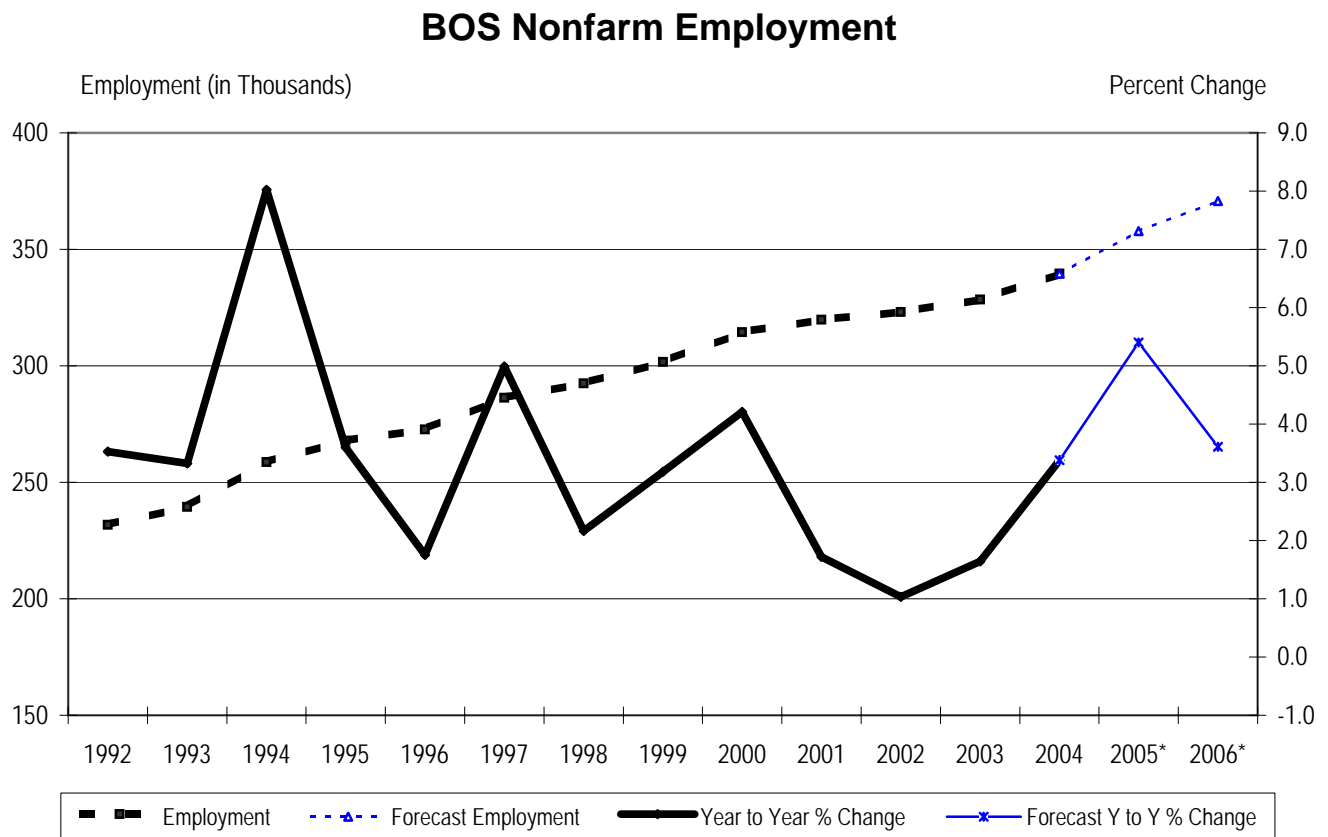


Chart 6

Arizona Manufacturing Employment

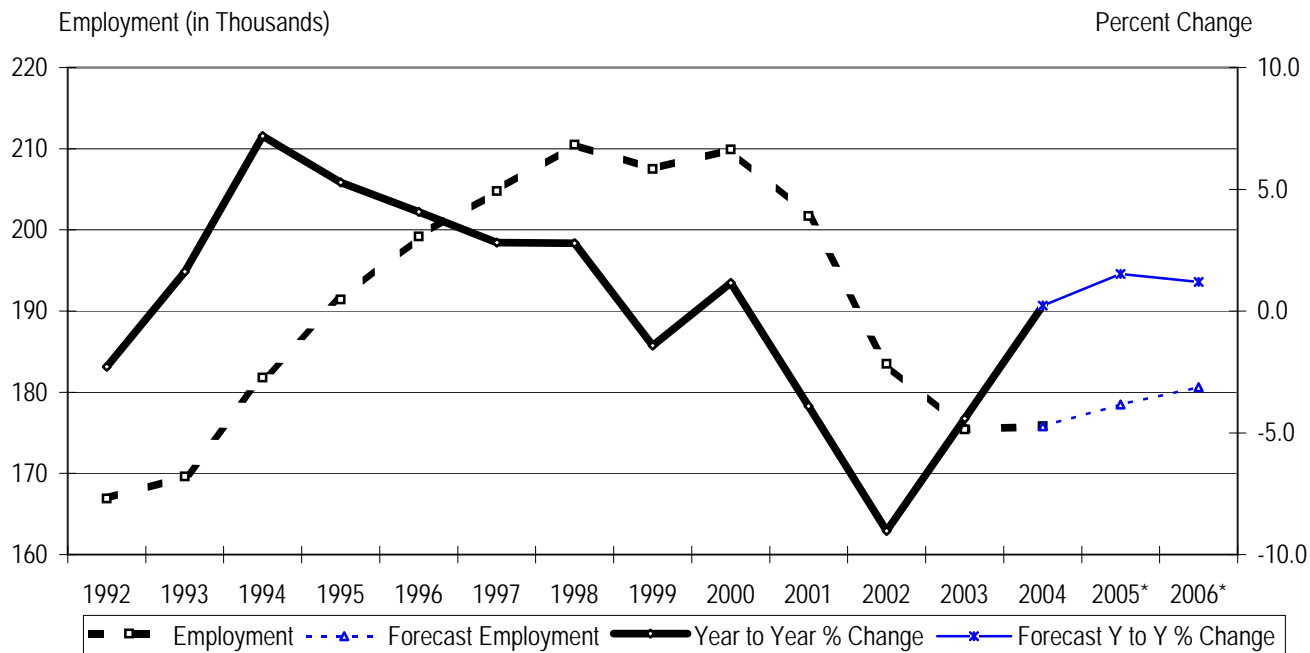


Chart 7

Arizona Natural Resources & Mining Employment

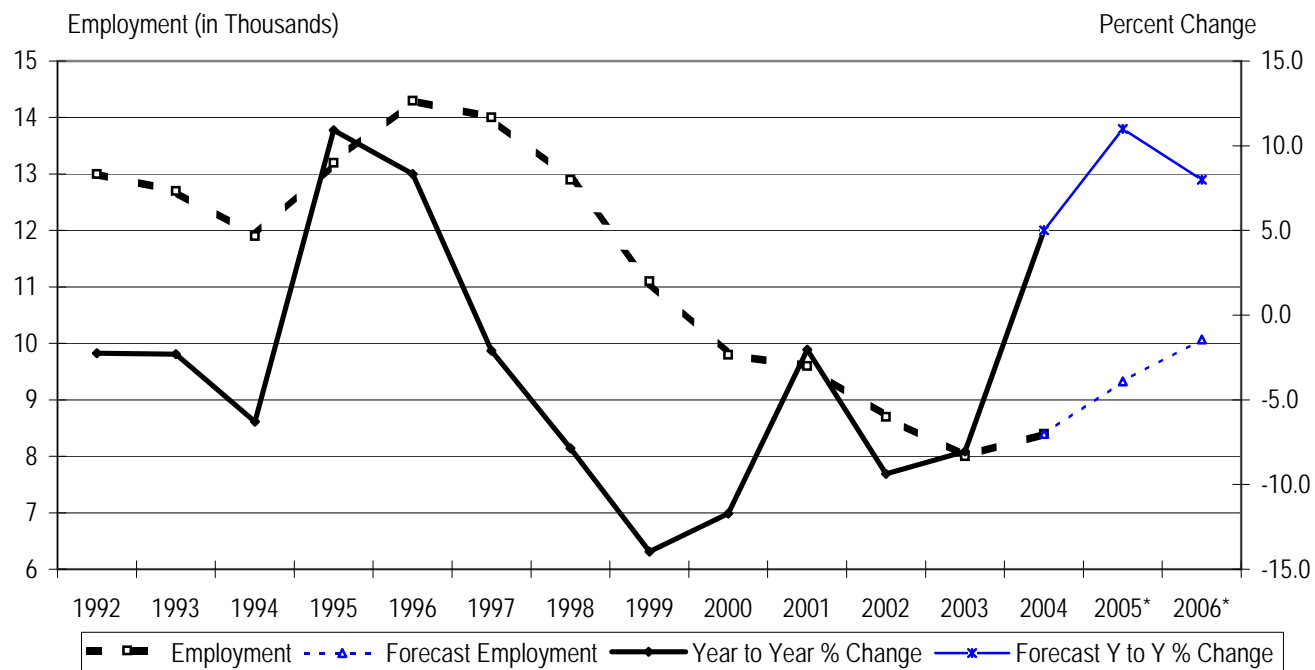


Chart 8

Arizona Construction Employment

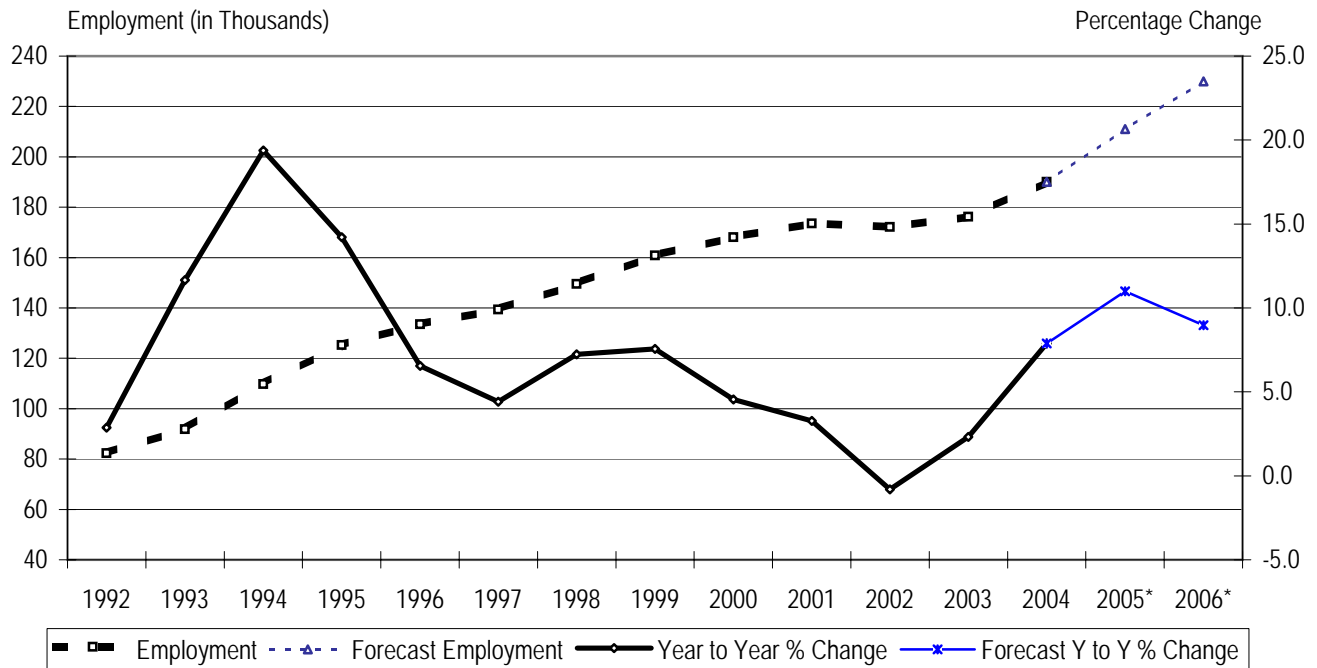


Chart 9

Arizona Trade Employment

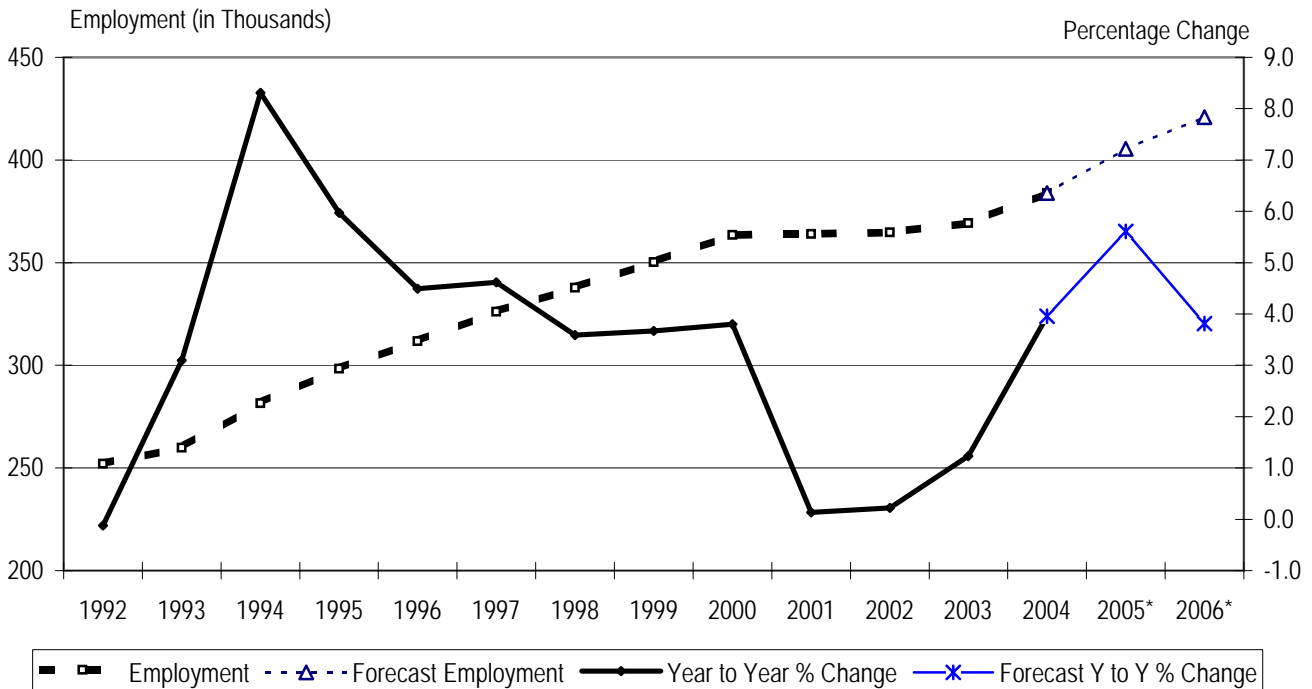


Chart 10

Arizona Transportation, Warehousing, & Utilities Employment

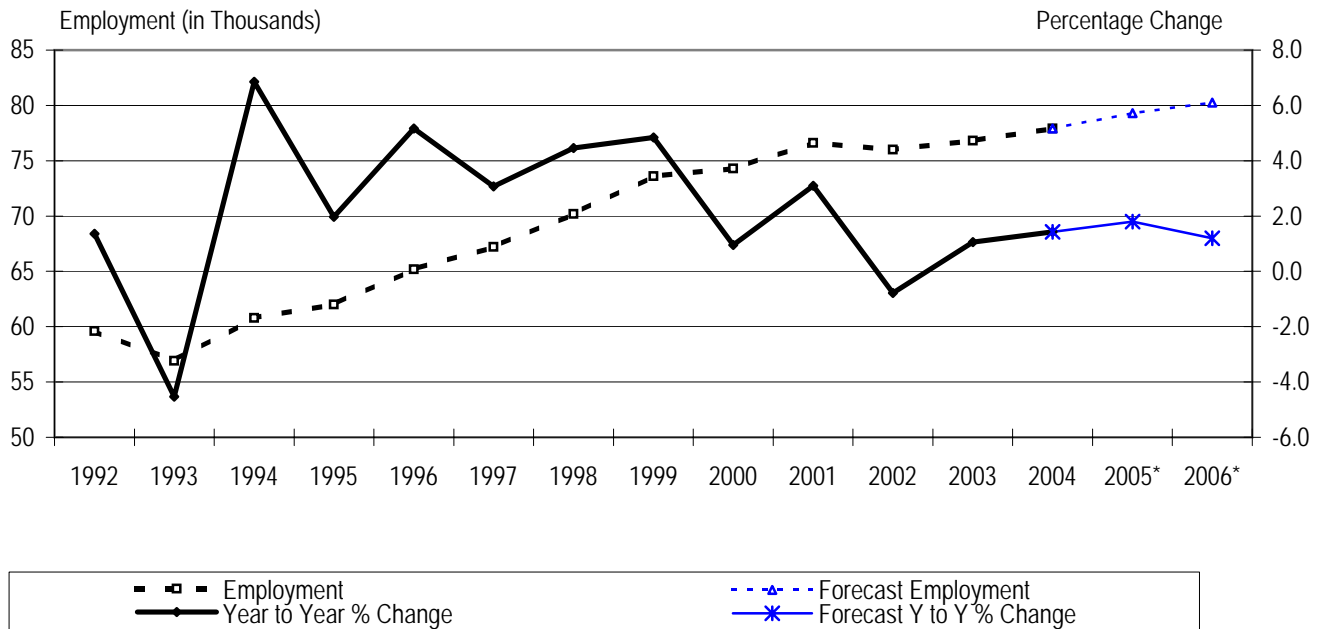


Chart 11

Arizona Information Employment

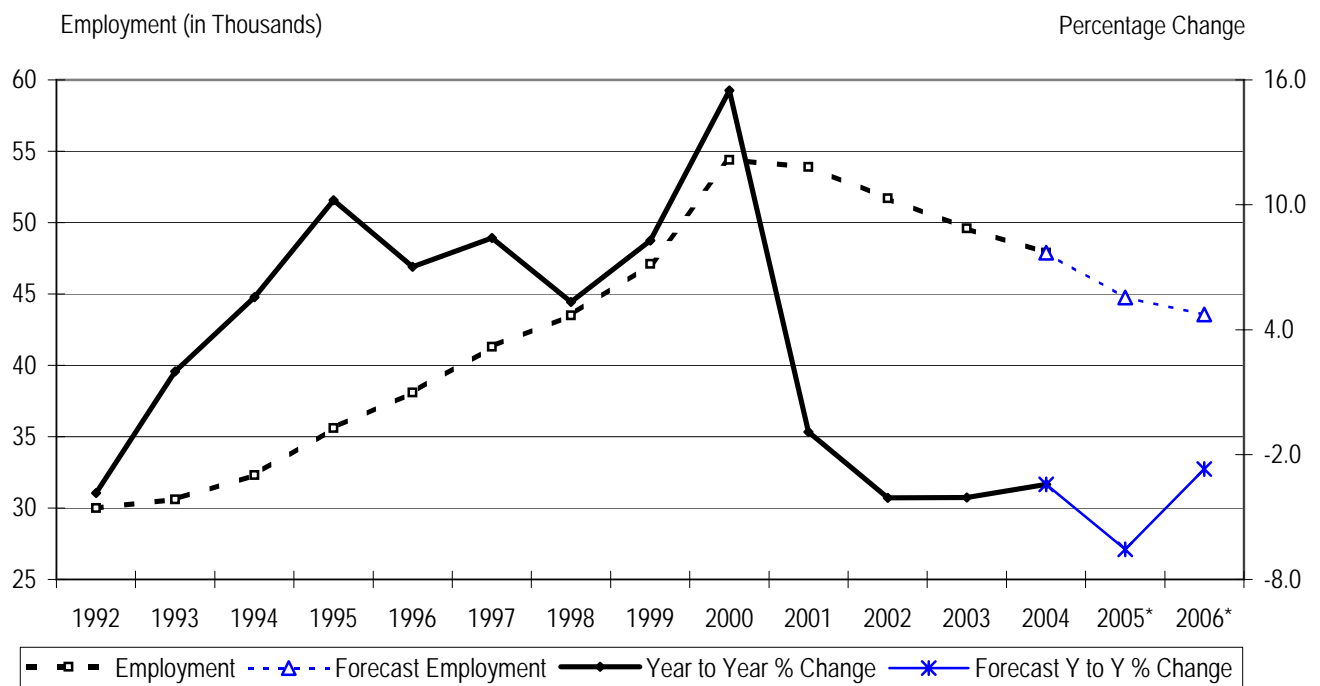


Chart 12

Arizona Financial Activities Employment

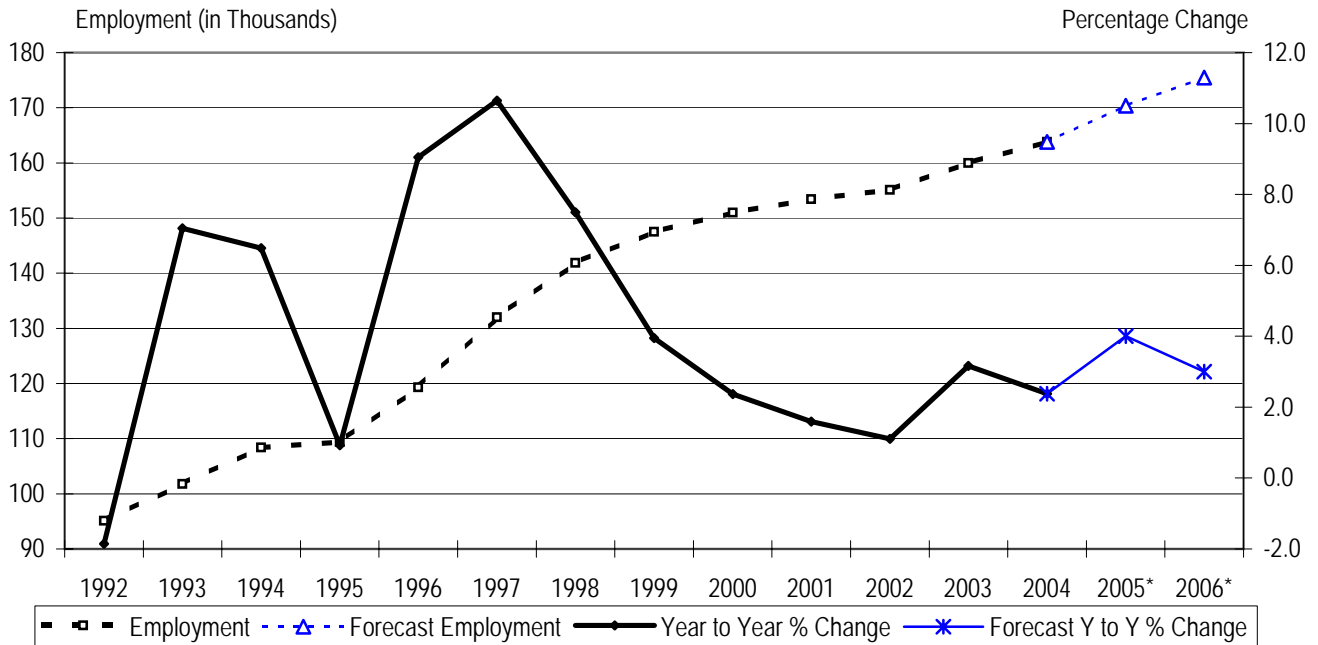


Chart 13

Arizona Professional & Business Services Employment

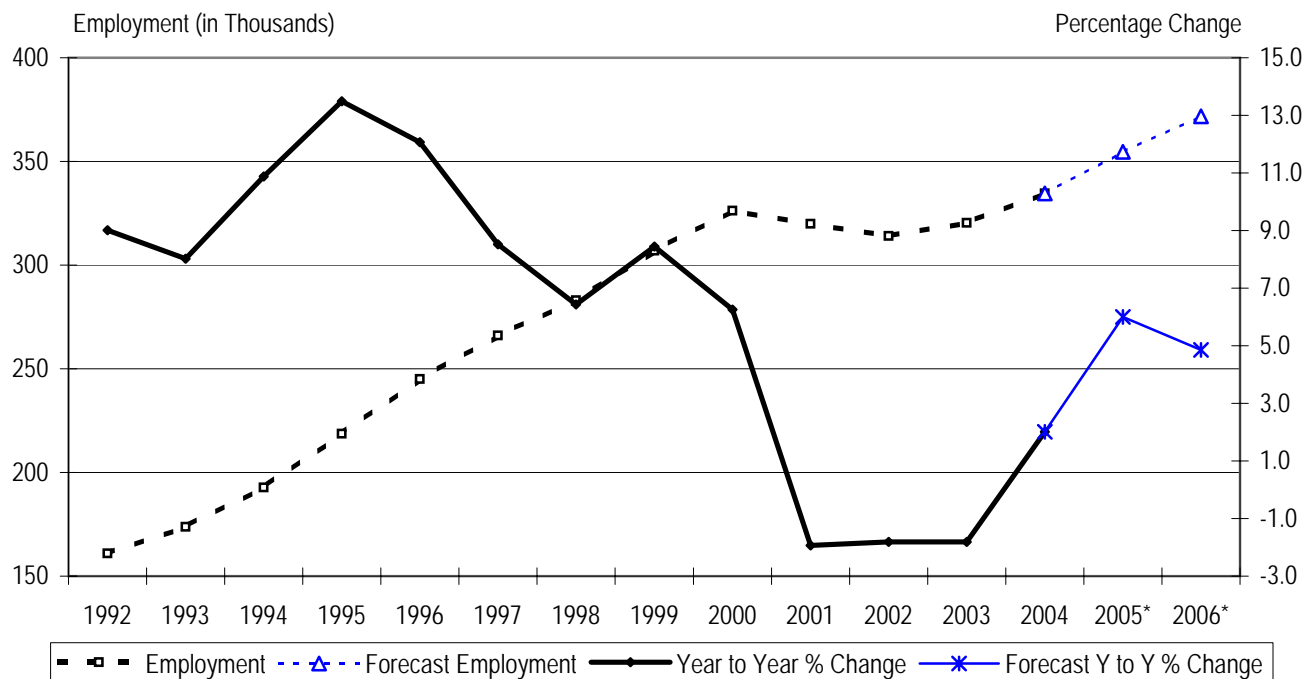


Chart 14

Arizona Education & Health Services Employment

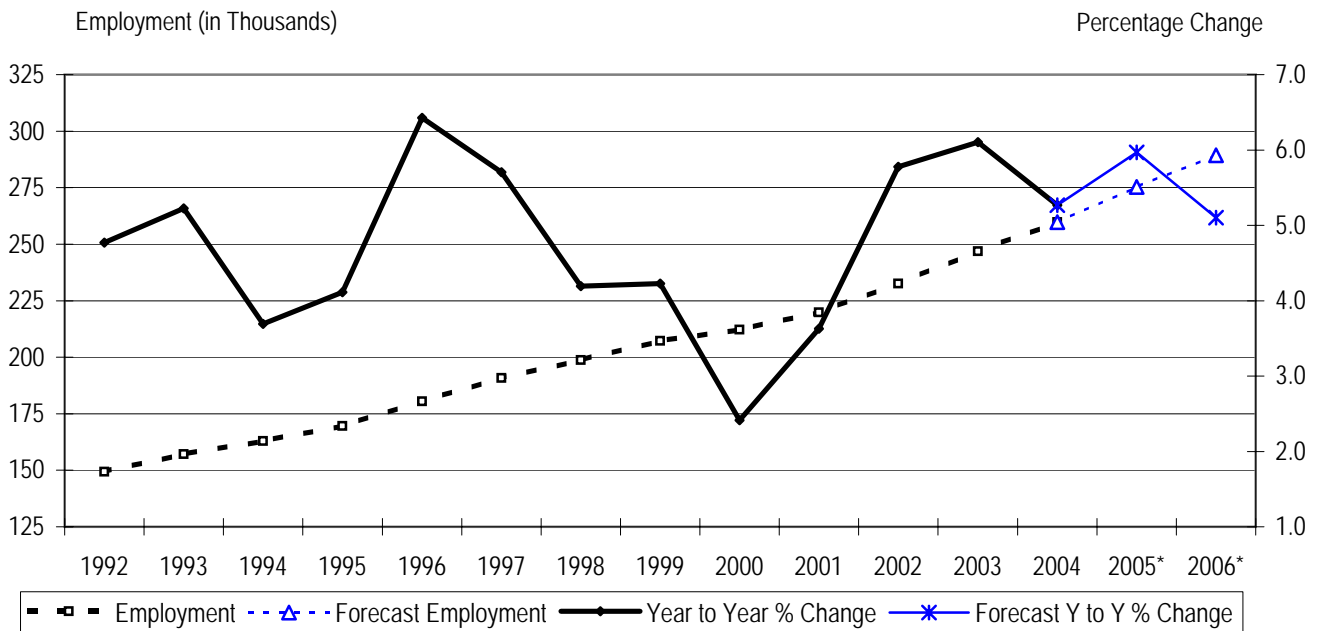


Chart 15

Arizona Leisure & Hospitality Employment

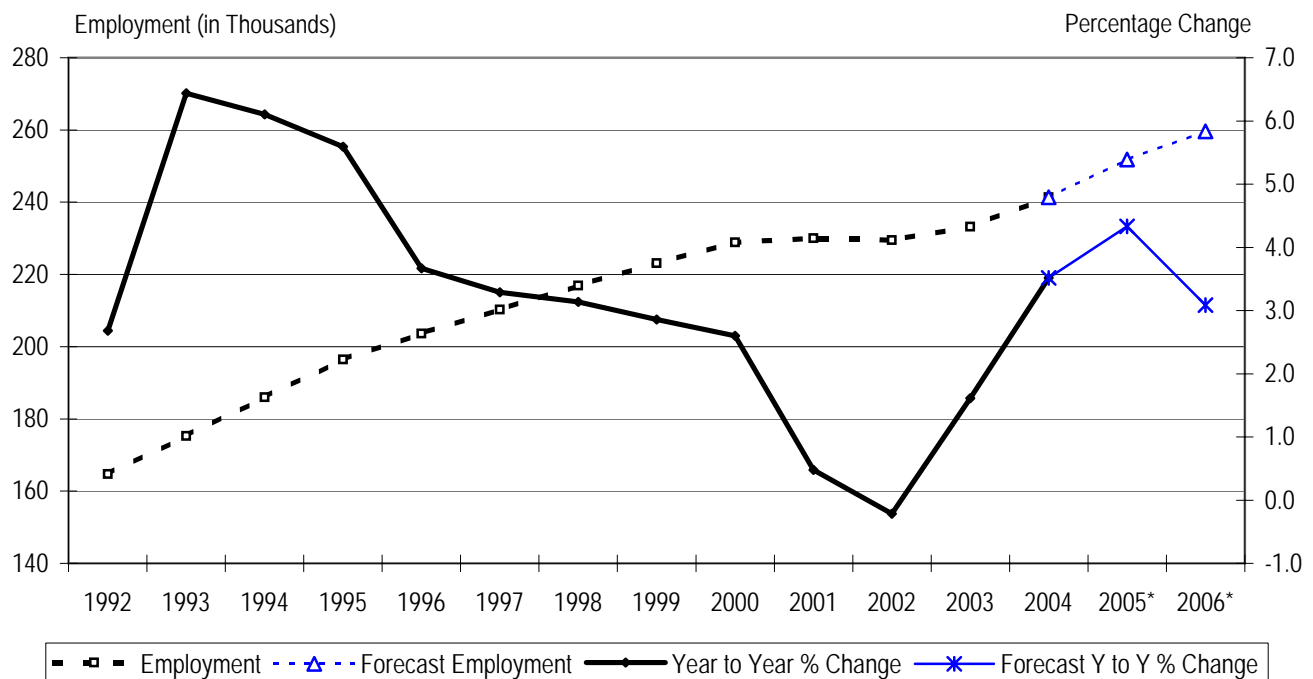


Chart 16

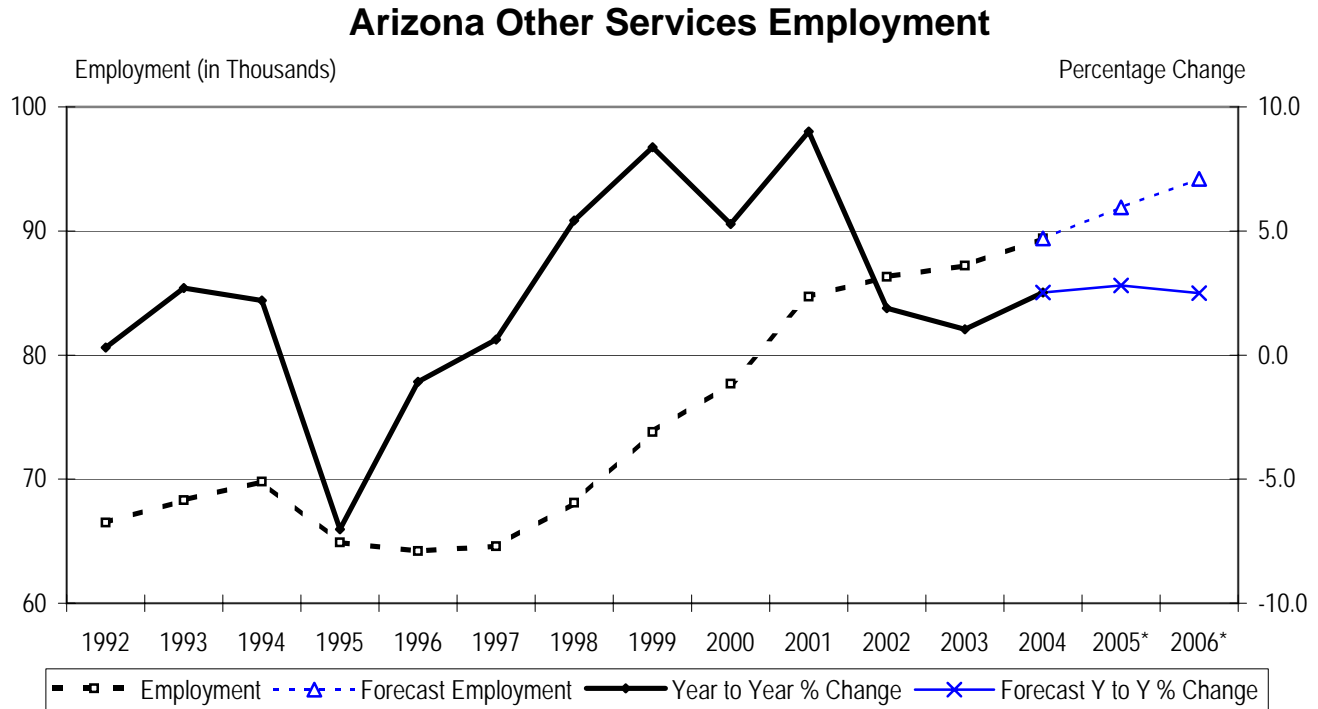


Chart 17

